

**Speech to Senate Ways and Means Committee  
June 14, 2011**

Mr. Chair and committee members, my name is Ben Rogers. I am chair of the Linn County Board of Supervisors. I thank you for the invitation to speak with you this morning and for allowing local governments to testify on comparisons between the House & Governor's proposal and the Senate proposal in their approaches to property tax reform.

Linn County, as you know, is the second largest county in the state of Iowa. Linn County has a heavy ratio of Commercial and Industrial property (31.8%) to Residential/Agricultural.

The City of Cedar Rapids and Linn County are united in our preference for the Senate's Income Tax Credit as opposed to the rollback proposed by the Governor and House.

*Why?*

The two proposals entail some risk. The Senate version keeps that risk at the state level where it belongs.

The House & Governor's proposal **places that risk of paying for the tax break for C-I property on local residential property owners** and those who receive local government services. Local government is less able to absorb that risk.

Likewise, the combination of the proposed Commercial and Industrial reductions in the House-Governor proposal, *in addition to the 2% cap on Residential and Agricultural growth in valuation* in that version, ***could negatively affect our Aaa bond rating***, which would result in higher interest costs on our bond payments.

Linn County is the only County in the Midwest that has a Aaa bond rating. We are proud of that and don't want that jeopardized by actions that we cannot control.

Instead, the current Senate proposal would place that risk on the state. The House/Governor proposal would do the opposite and would hand the risk down to local government and residential property owners to pay for it.

We, on the Linn County Board, have other concerns with HF 697. I will highlight for you the risk Linn County and county government assumes with those limitations.

The most drastic and impactful element of the House proposal is the elimination of the Supplemental Levy.

For counties, **our supplemental levy is the only tool we have to deal with the unexpected cost of governance, fluctuating property values, emergencies, etc.**

This last point is most salient, given that our community quietly celebrated the 3<sup>rd</sup> anniversary of the 2008 flood which forced Linn County and the City of Cedar Rapids to utilize ALL the tools necessary to fund response to the worst natural disaster in Iowa history and the 5<sup>th</sup> worst nationally.

Currently Linn County has \$14m of post-flood bonds.

This supplemental levy allows us to fund critical functions like the Courts, Public safety, Emergency Management, Juvenile Justice costs and election costs from the Help America Vote Act, known as HAVA, plus the new costs of the election reform/ID bill that passed the Iowa House this year.

*All of those items are not controlled by Linn County. Their costs are determined by outside forces – the state, courts or the federal government.*

The proposed House-Governor bill, HF 697, eliminates that levy but none of the driving force for those costs. We are expected to absorb that into the General Fund operations that are also capped by HF 697. Under the Senate plan, none of those risks exist for the county.

The loss of actual spending authority for Linn County in year 1 of House File 697 is \$488,226 after the estimated back fill is calculated. In year 5 and beyond, the loss is \$2.2 million actual funds and will continue to grow each year. You can see the year to year spending authority cost on the chart that was distributed.

Property tax relief, for most people, are hollow words from politicians.

I commend and complement the House and Senate for looking at the imbalance between the classes of property for tax purposes.

But I would like to close by requesting that you take a comprehensive look at how we pay for local services that rely too heavily on property taxes. We know that other states have been successful in finding new ways to pay for services outside of property taxes.

Our reliance on property taxes to fund our core services places an enormous burden on rural and urban home and business owners. I believe the responsibility for risk should reside with the state, as outlined in the Senate proposal, and not on the residential property tax payers.

Thank you for your time.



